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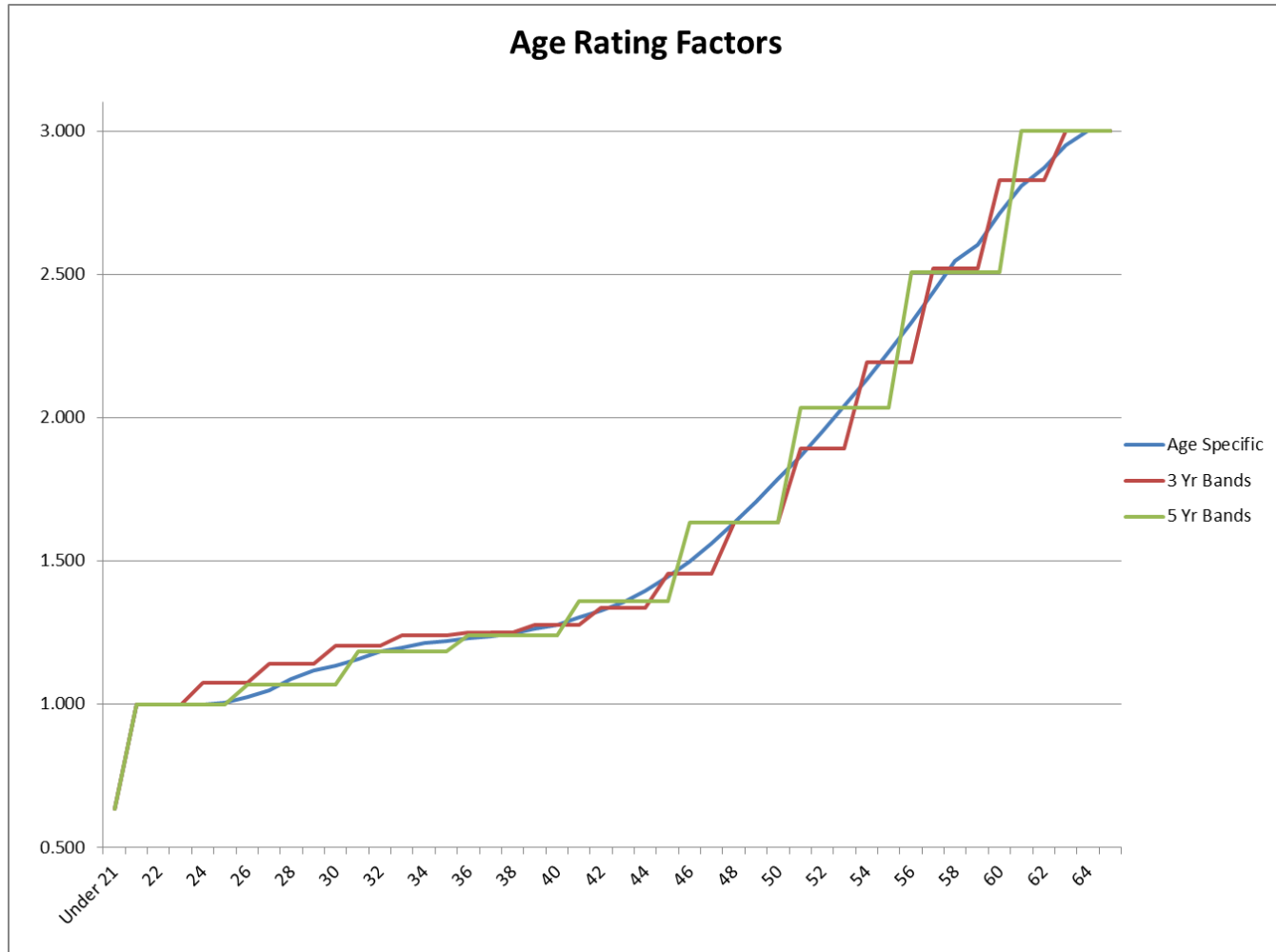
Rating Factors

- ▶ Health plans will be allowed to adjust premiums only for the following factors:
 - Self-only or family enrollment;
 - Geographic area;
 - Age (except the rate cannot vary by more than 3 to 1 for adults); and
 - Tobacco use (except the rate cannot vary by more than 1.5 to 1).

Age Rating

- ▶ Allows individual and small group market issuers to rate based on age provided that the age rates do not vary by greater than a 3:1 for adults. Age bands are required and the selected age bands must be approved by HHS after consultation with the NAIC. The NAIC Health Actuarial (B) Task Force has developed guidance to HHS regarding the establishment of age bands.

Age Rating Factors



Age Rating

- ▶ Maximum annual increase based on age
 - Annual age band: 4.7%
 - 3-year age band: 15.9%
 - 5-year age band: 24.5%
- ▶ The change in the age slope will not impact average premiums significantly, but will have a large impact to some individual members.

Regional Rating Factors

- ▶ The Affordable Care Act (ACA) requires that each state establish rating areas that must be applied consistently inside and outside the Exchange.
- ▶ Each state is to establish one or more rating areas within that state, but no more than seven, subject to the review and approval of the Secretary of the Department of Health and Human Services.
- ▶ Rating areas are separate from service areas. Service areas are geographic regions in which an insurer elects to operate. Rating areas are geographic areas across which insurers can vary premium costs.

Regional Rating Factors

- ▶ In developing ACA-compliant rating areas, the State will need to determine whether rating areas will be non-contiguous and how much rate variation to allow in geographical rating factors. More variation will better align geographic cost variation and premiums, but it also could increase premiums in rural or otherwise underserved areas, which have less competition among delivery systems.

Regional Rating Factors

- ▶ The state is charged with defining standard geographic rating areas, subject to approval by the Secretary. The state will need to consider how narrowly to define geographic rating areas to balance affordability and access considerations for individuals in potentially high-cost areas. The selection of geographic rating areas may also have an impact on risk adjustment in the state.

Regional Rating Factors

- ▶ States have the authority to determine geographical rating area.
- ▶ DHHS can review and determine adequacy
- ▶ Feds have the last word

West Virginia Analysis

- ▶ Analysis developed from a blend of PEIA, commercial and Medicaid experience.
 - County by County
 - Two years of data
 - Risk adjustment
 - Unadjusted
 - Concurrent
 - Prospective

Preliminary Results

- ▶ By County
- ▶ By AccessWV rating system
- ▶ By Commercial Market

Results are included in handout

Questions?